



## **Can Franchising Be Headed Toward Cryptocurrency and Block Chain Technology?** **By Ed Teixeira**

At the recent International Bar Association, Franchise Law Committee meeting in Rome, Italy, there was a round-table discussion about blockchain technology and its possible application in the franchise industry. Craig Tractenberg, Partner at Fox Rothchild, sent me the following summary of the discussion: Tractenberg reported: "One of the roundtable discussions dealt with the use of blockchain technology in franchising. Those familiar with blockchain technology know that it can be used beyond cryptocurrency transactions and applied to any record keeping. The anticipated uses of this digitized public ledger technology are for digital payment, smart contract, and database – record management systems."

Tractenberg continued: "The discussion itemized the commercial application of the technology to the franchise context. Cited was FOODCOIN Ecosystems (<https://foodcoin.io>) as a global marketplace for food and agricultural products designed to eliminate intermediaries using smart contracts. Another emerging company is FANTOM Foundation (<https://fantom.foundation.io>), which has apps for food reservations, geolocation and supply chain management. Carry Protocol (<https://carryprotocol.io>), provides merchants and customers a platform to communicate and understand each other, and is effectively an advertising channel." Terry Kim, Esq. of Lee & Ko in Seoul Korea led the discussion as Korea is one of the country's leading the way in the commercial application of blockchain technology.

Chanticleer's Holdings, which has franchise brands, American Burger, BGR, Little Burger, Just Fresh and Hooters in its portfolio introduced Bitcoin to Hooters legacy program, in January of this year. Customers can have a cryptocurrency loyalty program across all Chanticleer Holding brands — and beyond. It runs on the MobivityMind commerce platform, and will pay out in Merits, a cryptocurrency that's leveraging the same infrastructure and principles of Bitcoin, Ethereum, Ripple, Litecoin, and more, stated Chanticleer's CEO, Michael Pruitt.

### **Cryptocurrencies and Block Chain Technology**

Cryptocurrency is an encrypted, decentralized digital currency transferred between individuals and is confirmed in a public ledger via a process known as mining. According to a recent report from NPR radio there are a reported 2,000 cryptocurrencies currently in use, ranging from the highly publicized Bitcoin to one that's used specifically for dentists.

According to blockgeeks.com: "Information held on a blockchain exists as a shared — and continually reconciled — database. This is a way of using the network that has obvious benefits. The blockchain database isn't stored in any single location, meaning the records it keeps are truly public and easily verifiable. No centralized version of this information exists for a hacker to corrupt. Hosted by millions of computers simultaneously, its data is accessible to anyone on the internet."

Transactions are stored in a public ledger and blockchain is used to confirm that the identities of the coin owners are encrypted. Blockchain makes it almost impossible to forge transactions. This process can reduce transaction costs by making payment processing more efficient. The transfer of funds between what's called a digital wallet is called a transaction, which gets submitted to a public ledger awaiting confirmation. Wallets use an encrypted electronic signature when a transaction is made. The signature is an encrypted piece of data called a cryptographic signature. The blockchain enables users to store data in a ledger enabling countless participants to share access to the same information in a safe and secure environment.

Block Chain technology can have application for the franchise industry because of its anti-hacking features and the fact that transactions can be processed instantaneously.

About the Author: Ed Teixeira is the COO of Franchise Grade with over 35 years of experience in the franchise retail, manufacturing, healthcare and technology sectors. He's transacted international licensing in Europe, Asia and South America and is the author of Franchising from the Inside Out and The Franchise Buyers Manual. Ed has presented before the International Franchise Expo, Chinese Franchise Association, at the Stony Brook University Business School and has testified as a franchise expert before the International Arbitration Association.